

AMENDED IN ASSEMBLY AUGUST 24, 1998

AMENDED IN ASSEMBLY JUNE 18, 1998

AMENDED IN ASSEMBLY JUNE 8, 1998

AMENDED IN SENATE MAY 12, 1998

AMENDED IN SENATE APRIL 27, 1998

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**SENATE BILL**

**No. 1454**

**Introduced by Senator Leslie  
(Coauthor: Senator Watson)**

(Coauthors: Assembly Members Bowler, House, Kaloogian,  
and Prenter)

February 2, 1998

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An act to amend Sections 1786.2, 1786.10, 1786.12, 1786.16, 1786.18, 1786.20, 1786.24, 1786.26, 1786.30, 1786.40, and 1786.50 of, and to add Section 1786.11 to, the Civil Code, relating to investigative consumer reporting.

LEGISLATIVE COUNSEL'S DIGEST

SB 1454, as amended, Leslie. Investigative consumer reporting.

Existing law, as contained in the Investigative Consumer Reporting Agencies Act, regulates the preparation, disclosure, and use of investigative consumer reports.

Existing law defines an "investigative consumer report" as a report in which specified information on a consumer is obtained through personal interviews and defines an "investigative consumer reporting agency" as any person

who, for a fee, assembles employment or insurance information, or information relating to the hiring of dwelling units concerning consumers for 3rd parties for specified purposes.

This bill would redefine an “investigative consumer report” as a report in which specified consumer information is obtained by any means, *subject to an exception*, and an “investigative consumer reporting agency” as any person who, for a fee, assembles any information concerning consumers for 3rd parties.

Existing law generally provides that a person may not obtain an investigative consumer report with respect to a consumer unless the person discloses in writing to the consumer that the report will be made and provides other specified information.

This bill would require, as a further condition to obtaining an investigative consumer report, that the person certify to the agency that he or she (1) has made the required consumer disclosures and (2) will provide additional specified disclosures if requested by the consumer. The bill would also require an investigative consumer reporting agency that provides an investigative consumer report to a person other than the consumer to make a copy of that report available to the consumer, as specified, for at least 60 days after the date the report is provided to the other person.

Existing law provides that consumers have the right to visually inspect all files maintained by an investigative consumer reporting agency regarding that consumer, except medical information, as defined. Existing law also provides that consumers have the right to be informed by the user of consumer information of the reasons for any adverse action taken with respect to specified insurance due to information obtained from a person other than an investigative consumer reporting agency, except that the user may withhold medical information, as defined, until the consumer obtains written authorization from the consumer’s physician.

This bill would delete both of these exceptions relating to medical information. It would also prohibit an investigative consumer reporting agency from furnishing an investigative



consumer report containing that defined medical information without the consumer's consent.

Existing law provides that investigative consumer reports may not include, among other things, any arrest records, unlawful detainer actions unless the lessor was the prevailing party, as specified, paid tax liens, or other specified items that antedate the report by more than 7 years.

This bill would revise the prohibition against inclusion of unlawful detainer actions and specify that information relating to an arrest, indictment, conviction, civil action, tax lien, or outstanding judgment may not be included in a report unless verified by the agency no more than 30 days prior to the date of the report, and adverse information obtained through a personal interview, as specified, may not be included in a report unless it is either verified by a 2nd party or the interviewee is the best source of the information.

Existing law gives consumers the right to dispute inaccurate information contained in an investigative consumer report and to bring an action to recover damages for violations of the act in an amount equal to the greater of actual damages or \$300.

This bill would add new procedures and notice requirements relating to the investigation of disputes by consumers and the deletion of information in a consumer's file that is determined to be inaccurate. The bill would also increase the minimum amount of damages recoverable by a consumer for violations of the act from \$300 to \$2,500.

Existing law specifies that reasonable charges may be imposed upon a consumer to receive a copy of an investigative consumer report relating to that consumer, unless the copy is requested after the taking of an adverse action against the consumer based on the report, as specified.

This bill would specify the amount of fee, if any, that may be charged to a consumer to receive a copy of an investigative consumer report or other disclosures relating to that consumer. The bill would require investigative consumer reporting agencies to provide a consumer with a copy of his or her investigative consumer report, free of charge, not more often than once a year, if the consumer is unemployed, is seeking employment, receives public welfare assistance, or

believes that his or her file contains inaccurate information due to fraud.

The bill would make other related changes.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 1786.2 of the Civil Code is  
2 amended to read:

3 1786.2. The following terms as used in this title have  
4 the meaning expressed in this section:

5 (a) The term “person” means any individual,  
6 partnership, corporation, limited liability company, trust,  
7 estate, cooperative, association, government or  
8 governmental subdivision or agency, or other entity. The  
9 term “person” as used in this title shall not be construed  
10 to require duplicative reporting by any individual,  
11 corporation, trust, estate, cooperative, association,  
12 government, or governmental subdivision or agency, or  
13 other entity involved in the same transaction.

14 (b) The term “consumer” means a natural individual  
15 who has made application to a person for employment  
16 purposes, for insurance for personal, family, or household  
17 purposes, or the hiring of a dwelling unit, as defined in  
18 subdivision (c) of Section 1940.

19 (c) The term “investigative consumer report” means  
20 a consumer report in which information on a consumer’s  
21 character, general reputation, personal characteristics, or  
22 mode of living is obtained through any means. The term  
23 does not include a consumer report or other compilation  
24 of information that is limited to specific factual  
25 information relating to a consumer’s credit record or  
26 manner of obtaining credit obtained directly from a  
27 creditor of the consumer or from a consumer reporting  
28 agency when that information was obtained directly from  
29 a potential or existing creditor of the consumer or from  
30 the consumer. *Notwithstanding the foregoing, for*  
31 *transactions between investigative consumer reporting*  
32 *agencies and insurance institutions, agents, or*

1 *insurance-support organizations subject to Article 6.6*  
2 *(commencing with Section 791) of Chapter 1 of Part 2 of*  
3 *Division 1 of the Insurance Code, the term “investigative*  
4 *consumer report” shall have the meaning set forth in*  
5 *subdivision (n) of Section 791.02 of the Insurance Code.*

6 (d) The term “investigative consumer reporting  
7 agency” means any person who, for monetary fees or  
8 dues, regularly engages in whole or in part in the practice  
9 of assembling or evaluating information concerning  
10 consumers for the purposes of furnishing investigative  
11 consumer reports to third parties, but does not include  
12 any governmental agency whose records are maintained  
13 primarily for traffic safety, law enforcement, or licensing  
14 purposes, or any licensed insurance agent, insurance  
15 broker, or solicitor, insurer, or life insurance agent.

16 (e) The term “file,” when used in connection with  
17 information on any consumer, means all of the  
18 information on that consumer recorded and retained by  
19 an investigative consumer reporting agency regardless of  
20 how the information is stored.

21 (f) The term “employment purposes,” when used in  
22 connection with an investigative consumer report, means  
23 a report used for the purpose of evaluating a consumer for  
24 employment, promotion, reassignment, or retention as  
25 an employee.

26 (g) The term “medical information” means  
27 information on a person’s medical history or condition  
28 obtained directly or indirectly from a licensed physician,  
29 medical practitioner, hospital, clinic, or other medical or  
30 medically related facility.

31 SEC. 2. Section 1786.10 of the Civil Code is amended  
32 to read:

33 1786.10. (a) Every investigative consumer reporting  
34 agency shall, upon request and proper identification of  
35 any consumer, allow the consumer to visually inspect all  
36 files maintained regarding the consumer at the time of  
37 the request.

38 (b) All items of information shall be available for  
39 inspection, except that the sources of information  
40 acquired solely for use in preparing an investigative

1 consumer report and actually used for no other purpose  
2 need not be disclosed. However, if an action is brought  
3 under this title, those sources shall be available to the  
4 consumer under appropriate discovery procedures in the  
5 court in which the action is brought.

6 Nothing in this title shall be interpreted to mean that  
7 investigative consumer reporting agencies are required  
8 to divulge to consumers the sources of investigative  
9 consumer reports except in appropriate discovery  
10 procedures as outlined herein.

11 (c) The investigative consumer reporting agency shall  
12 also identify the recipients of any investigative consumer  
13 report on the consumer that the investigative consumer  
14 reporting agency has furnished:

15 (1) For employment or insurance purposes within the  
16 two-year period preceding the request.

17 (2) For any other purpose within the one-year period  
18 preceding the request.

19 (d) The identification of a recipient under subdivision  
20 (c) shall include the name of the recipient or, if  
21 applicable, the trade name (written in full) under which  
22 the recipient conducts business and, upon request of the  
23 consumer, the address and telephone number of the  
24 recipient.

25 (e) The investigative consumer reporting agency shall  
26 also disclose the dates, original payees, and amounts of  
27 any checks or charges upon which is based any adverse  
28 characterization of the consumer, included in the file at  
29 the time of the disclosure.

30 SEC. 3. Section 1786.11 is added to the Civil Code, to  
31 read:

32 1786.11. Every investigative consumer reporting  
33 agency that provides an investigative consumer report to  
34 a person other than the consumer shall make a copy of  
35 that report available, upon request and proper  
36 identification, to the consumer for at least 60 days after  
37 the date that the report is provided to the other person.

38 SEC. 4. Section 1786.12 of the Civil Code is amended  
39 to read:

1 1786.12. An investigative consumer reporting agency  
2 shall only furnish an investigative consumer report under  
3 the following circumstances:

4 (a) In response to the order of a court having  
5 jurisdiction to issue the order.

6 (b) In compliance with a lawful subpoena issued by a  
7 court of competent jurisdiction.

8 (c) In accordance with the written instructions of the  
9 consumer to whom it relates.

10 (d) To a person that it has reason to believe:

11 (1) Intends to use the information for employment  
12 purposes; or

13 (2) Intends to use the information serving as a factor  
14 in determining a consumer's eligibility for insurance or  
15 the rate for any insurance; or

16 (3) Intends to use the information in connection with  
17 a determination of the consumer's eligibility for a license  
18 or other benefit granted by a governmental  
19 instrumentality required by law to consider the  
20 applicant's financial responsibility or status; or

21 (4) Intends to use the information in connection with  
22 an order of a court of competent jurisdiction to provide  
23 support where the imposition or enforcement of the  
24 order involves the consumer; or

25 (5) Intends to use the information in connection with  
26 the hiring of a dwelling unit, as defined in subdivision (c)  
27 of Section 1940.

28 (e) An investigative consumer reporting agency shall  
29 not prepare or furnish an investigative consumer report  
30 to a person described in subdivision (d) unless the agency  
31 has received the certification under paragraph (4) of  
32 subdivision (a) of Section 1786.16 from the person  
33 requesting the report.

34 (f) An investigative consumer reporting agency shall  
35 not furnish an investigative consumer report to a person  
36 described in subdivision (d) if that report contains  
37 medical information about a consumer, unless the  
38 consumer consents to the furnishing of the report.

39 SEC. 5. Section 1786.16 of the Civil Code is amended  
40 to read:

1 1786.16. (a) Any person described in subdivision (d)  
2 of Section 1786.12 shall not procure or cause to be  
3 prepared an investigative consumer report unless the  
4 following applicable conditions are met:

5 (1) If an investigative consumer report is sought in  
6 connection with the underwriting of insurance, it shall be  
7 clearly and accurately disclosed in writing at the time the  
8 application form, medical form, binder, or similar  
9 document is signed by the consumer that an investigative  
10 consumer report regarding the consumer's character,  
11 general reputation, personal characteristics, and mode of  
12 living may be made. If no signed application form,  
13 medical form, binder, or similar document is involved in  
14 the underwriting transaction, the disclosure shall be  
15 made to the consumer in writing and mailed or otherwise  
16 delivered to the consumer not later than three days after  
17 the report was first requested.

18 (2) If, at any time, an investigative consumer report is  
19 sought for employment purposes other than promotion  
20 or reassignment, the person procuring or causing the  
21 report to be made shall, not later than three days after the  
22 date on which the report was first requested, notify the  
23 consumer in writing that an investigative consumer  
24 report regarding the consumer's character, general  
25 reputation, personal characteristics, and mode of living  
26 will be made. This notification shall include the name of  
27 the investigative consumer reporting agency conducting  
28 the investigation and a summary of the provisions of  
29 Section 1786.22.

30 (3) If an investigative consumer report is sought in  
31 connection with the hiring of a dwelling unit, as defined  
32 in subdivision (c) of Section 1940, the person procuring  
33 or causing the request to be made shall, not later than  
34 three days after the date on which the report was first  
35 requested, notify the consumer in writing that an  
36 investigative consumer report will be made regarding  
37 the consumer's character, general reputation, personal  
38 characteristics, and mode of living. The notification shall  
39 also include the name and address of the investigative  
40 consumer reporting agency that will prepare the report.



(4) The person procuring or causing the request to be made shall certify to the investigative consumer reporting agency that the person has made the applicable disclosures to the consumer required by this subdivision and that the person will comply with subdivision (b).

(b) Any person described in subdivision (d) of Section 1786.12 shall, upon written request made by the consumer within a reasonable period of time after the receipt by the consumer of the disclosure required by subdivision (a), make a complete and accurate disclosure of the nature and scope of the investigation requested. This disclosure shall be made in writing and mailed or otherwise delivered to the consumer not later than five days after the date the request for the disclosure was received from the consumer or the report was first requested, whichever is later.

(c) The provisions of subdivision (a) shall not apply to an investigative consumer report procured or caused to be prepared by an employer if the purpose of the employer is to determine whether to retain an employee when there is a good faith belief that the employee is engaged in any criminal activity likely to result in a loss to the employer.

(d) Those persons described in subdivision (d) of Section 1786.12 of this title shall constitute the sole and exclusive class of persons who may cause an investigative consumer report to be prepared.

SEC. 6. Section 1786.18 of the Civil Code is amended to read:

1786.18. (a) Except as authorized under subdivision (b), no investigative consumer reporting agency shall make or furnish any investigative consumer report containing any of the following items of information:

(1) Bankruptcies that, from the date of adjudication, antedate the report by more than 10 years.

(2) Suits that, from the date of filing, and satisfied judgments that, from the date of entry, antedate the report by more than seven years.

(3) Unsatisfied judgments that, from the date of entry, antedate the report by more than seven years.

(4) Unlawful detainer actions where the defendant was the prevailing party or where the action is resolved by settlement agreement.

(5) Paid tax liens that, from the date of payment, antedate the report by more than seven years.

(6) Accounts placed for collection or charged to profit and loss that antedate the report by more than seven years.

(7) Records of arrest, indictment, information, misdemeanor complaint, or conviction of a crime that, from the date of disposition, release, or parole, antedate the report by more than seven years. These items of information shall no longer be reported if at any time it is learned that, in the case of a conviction, a full pardon has been granted or, in the case of an arrest, indictment, information, or misdemeanor complaint, a conviction did not result; except that records of arrest, indictment, information, or misdemeanor complaints may be reported pending pronouncement of judgment on the particular subject matter of those records.

(8) Any other adverse information that antedates the report by more than seven years.

*(b) The provisions of subdivision (a) are not applicable in the case of any investigative consumer report to be used in the following transactions:*

*(1) The underwriting of life insurance involving, or that may reasonably be expected to involve, an amount of one hundred fifty thousand dollars (\$150,000) or more.*

*(2) The employment of any individual at an annual salary that equals, or may reasonably be expected to equal, seventy-five thousand dollars (\$75,000) or more.*

*(3) The rental of a dwelling unit that exceeds two thousand dollars (\$2,000) per month.*

(c) Except as otherwise provided in Section 1786.28, an investigative consumer reporting agency shall not furnish an investigative consumer report that includes information that is a matter of public record and that relates to an arrest, indictment, conviction, civil judicial action, tax lien, or outstanding judgment, unless the agency has verified the accuracy of the information

1 during the 30-day period ending on the date on which the  
2 report is furnished.

3 ~~(e)~~

4 (d) An investigative consumer reporting agency shall  
5 not prepare or furnish an investigative consumer report  
6 on a consumer that contains information that is adverse  
7 to the interest of the consumer and that is obtained  
8 through a personal interview with a neighbor, friend, or  
9 associate of the consumer or with another person with  
10 whom the consumer is acquainted or who has knowledge  
11 of the item of information, unless either (1) the  
12 investigative consumer reporting agency has followed  
13 reasonable procedures to obtain confirmation of the  
14 information, from an additional source that has  
15 independent and direct knowledge of the information, or  
16 (2) the person interviewed is the best possible source of  
17 the information.

18 SEC. 7. Section 1786.20 of the Civil Code is amended  
19 to read:

20 1786.20. (a) Every investigative consumer reporting  
21 agency shall maintain reasonable procedures designed to  
22 avoid violations of Section 1786.18 and to limit furnishing  
23 of investigative consumer reports for the purposes listed  
24 under Section 1786.12. These procedures shall require  
25 that prospective users of the information identify  
26 themselves, certify the purposes for which the  
27 information is sought and that the information will be  
28 used for no other purposes, and make the certifications  
29 described in paragraph (4) of subdivision (a) of Section  
30 1786.16. From the effective date of this title, the  
31 investigative consumer reporting agency shall keep a  
32 record of the purposes for which information is sought, as  
33 stated by the user. Every investigative consumer  
34 reporting agency shall make a reasonable effort to verify  
35 the identity of a new prospective user and the uses  
36 certified by the prospective user prior to furnishing the  
37 user any investigative consumer reports. No investigative  
38 consumer reporting agency may furnish any  
39 investigative consumer reports to any person unless it has  
40 reasonable grounds for believing that the investigative

1 consumer reports will be used by that person for purposes  
2 listed in Section 1786.12.

3 (b) Whenever an investigative consumer reporting  
4 agency prepares an investigative consumer report, it  
5 shall follow reasonable procedures to assure maximum  
6 possible accuracy of the information concerning the  
7 individual about whom the report relates.

8 (c) An investigative consumer reporting agency shall  
9 not make an inquiry for the purpose of preparing an  
10 investigative consumer report on a consumer for  
11 employment purposes if the making of the inquiry by an  
12 employer or prospective employer of the consumer  
13 would violate any applicable federal or state equal  
14 employment opportunity law or regulation.

15 SEC. 8. Section 1786.24 of the Civil Code is amended  
16 to read:

17 1786.24. (a) If the completeness or accuracy of any  
18 item of information contained in his or her file is disputed  
19 by a consumer, and the dispute is conveyed directly to the  
20 investigative consumer reporting agency by the  
21 consumer, the investigative consumer reporting agency  
22 shall, without charge, reinvestigate and record the  
23 current status of the disputed information or delete the  
24 item from the file in accordance with subdivision (c),  
25 before the end of the 30-day period beginning on the date  
26 on which the agency receives the notice of the dispute  
27 from the consumer.

28 (b) The agency shall notify any person who provided  
29 information in dispute at the address and in the manner  
30 specified by that person. The notice shall include all  
31 relevant information regarding the dispute that the  
32 investigative consumer reporting agency has received  
33 from the consumer. The agency shall also promptly  
34 provide to the person who provided the information in  
35 dispute all relevant information regarding the dispute  
36 that is received by the agency from the consumer during  
37 the reinvestigation.

38 (c) In conducting a reinvestigation, the investigative  
39 consumer reporting agency shall review and consider all



1 relevant information submitted by the consumer with  
2 respect to the disputed item of information.

3 (d) Notwithstanding subdivision (a), an investigative  
4 consumer reporting agency may terminate a  
5 reinvestigation of information disputed by a consumer if  
6 the investigative consumer reporting agency reasonably  
7 determines that the dispute is frivolous or irrelevant,  
8 including by reason of a failure by a consumer to provide  
9 sufficient information to investigate the disputed  
10 information. Upon making a determination that a dispute  
11 is frivolous or irrelevant, the investigative consumer  
12 reporting agency shall notify the consumer, by mail or, if  
13 authorized by the consumer for that purpose, by any  
14 other means available to the agency. In this notification,  
15 the investigative consumer reporting agency shall state  
16 the specific reasons why it has determined that the  
17 consumer's dispute is frivolous or irrelevant and provide  
18 a description of any information required to investigate  
19 the disputed information, that may consist of a  
20 standardized form describing the general nature of the  
21 required information.

22 (e) If a reinvestigation is made and, after  
23 reinvestigation, the disputed item of information is found  
24 to be inaccurate, incomplete, or cannot be verified by the  
25 evidence submitted, the investigative consumer  
26 reporting agency shall promptly delete that information  
27 from the consumer's file or modify the information, as  
28 appropriate, based on the results of the reinvestigation,  
29 and shall notify the consumer that the information has  
30 been deleted or modified.

31 (f) No information may be reinserted in a consumer's  
32 file after having been deleted pursuant to this section  
33 unless the person who furnished the information verifies  
34 that the information is complete and accurate. If any  
35 information deleted from a consumer's file is reinserted  
36 in the file, the investigative consumer reporting agency  
37 shall promptly notify the consumer of the reinsertion in  
38 writing or, if authorized by the consumer for that  
39 purpose, by any other means available to the agency. As  
40 part of, or in addition to, this notice, the investigative

1 consumer reporting agency shall provide to the  
2 consumer in writing (1) a statement that the disputed  
3 information has been reinserted, (2) the name, address,  
4 and telephone number of any furnisher of information  
5 contacted or that contacted the investigative consumer  
6 reporting agency in connection with the reinsertion, and  
7 the telephone number of the furnisher, if reasonably  
8 available, and (3) a notice that the consumer has the right  
9 to a reinvestigation of the information reinserted by the  
10 investigative consumer reporting agency and to add a  
11 statement to his or her file disputing the accuracy or  
12 completeness of the information.

13 (g) An investigative consumer reporting agency shall  
14 provide notice to the consumer of the results of any  
15 reinvestigation under this section by mail or, if authorized  
16 by the consumer for that purpose, by other means  
17 available to the agency. The notice shall include (1) a  
18 statement that the reinvestigation is completed, (2) an  
19 investigative consumer report that is based on the  
20 consumer's file as that file is revised as a result of the  
21 reinvestigation, (3) a description or indication of any  
22 changes made in the investigative consumer report as a  
23 result of those revisions to the consumer's file, (4) a notice  
24 that, if requested by the consumer, a description of the  
25 procedure used to determine the accuracy and  
26 completeness of the information shall be provided to the  
27 consumer by the investigative consumer reporting  
28 agency, including the name, business address, and  
29 telephone number of any furnisher of information  
30 contacted in connection with that information, (5) a  
31 notice that the consumer has the right to add a statement  
32 to the consumer's file disputing the accuracy or  
33 completeness of the information, and (6) a notice that the  
34 consumer has the right to request that the investigative  
35 consumer reporting agency furnish notifications under  
36 subdivision (k).

37 (h) The presence of information in the consumer's file  
38 that contradicts the contention of the consumer shall not,  
39 in and of itself, constitute reasonable grounds for  
40 believing the dispute is frivolous or irrelevant.



1 (i) If the investigative consumer reporting agency  
2 determines that the dispute is frivolous or irrelevant, or  
3 if the reinvestigation does not resolve the dispute, or if the  
4 information is reinserted into the consumer's file  
5 pursuant to subdivision (f), the consumer may file a brief  
6 statement setting forth the nature of the dispute. The  
7 investigative consumer reporting agency may limit these  
8 statements to not more than 100 words if it provides the  
9 consumer with assistance in writing a clear summary of  
10 the dispute.

11 (j) Whenever a statement of dispute is filed, the  
12 investigative consumer reporting agency shall, in any  
13 subsequent investigative consumer report containing the  
14 information in question, clearly note that the information  
15 is disputed by the consumer and shall include in the  
16 report either the consumer's statement or a clear and  
17 accurate summary thereof.

18 (k) Following the deletion of information from a  
19 consumer's file pursuant to this section, or following the  
20 filing of a dispute pursuant to subdivision (i), the  
21 investigative consumer reporting agency shall, at the  
22 request of the consumer, furnish notification that the  
23 item of information has been deleted or that the item of  
24 information is disputed. In the case of disputed  
25 information, the notification shall include the statement  
26 or summary of the dispute filed pursuant to subdivision  
27 (i). This notification shall be furnished to any person,  
28 specifically designated by the consumer, who has, within  
29 two years prior to the deletion or the filing of the dispute,  
30 received an investigative consumer report concerning  
31 the consumer for employment purposes, or who has,  
32 within one year of the deletion or the filing of the dispute,  
33 received an investigative consumer report concerning  
34 the consumer for any other purpose, if these investigative  
35 consumer reports contained the deleted or disputed  
36 information. The investigative consumer reporting  
37 agency shall clearly and conspicuously disclose to the  
38 consumer his or her rights to make a request for this  
39 notification.

1 (l) An investigative consumer reporting agency shall  
2 maintain reasonable procedures designed to prevent the  
3 reappearance in a consumer's file and in investigative  
4 consumer reports information that has been deleted  
5 pursuant to this section and not reinserted pursuant to  
6 subdivision (f).

7 (m) If the consumer's dispute is resolved by deletion  
8 of the disputed information within three business days,  
9 beginning with the day the investigative consumer  
10 reporting agency receives notice of the dispute in  
11 accordance with subdivision (a), the investigative  
12 consumer reporting agency shall be exempt from  
13 requirements for further action under subdivisions (g),  
14 (i), and (j), if the agency: (1) provides prompt notice of  
15 the deletion to the consumer by telephone, (2) provides  
16 written confirmation of the deletion and a copy of an  
17 investigative consumer report of the consumer that is  
18 based on the consumer's file after the deletion, and (3)  
19 includes, in the telephone notice or in a written notice  
20 that accompanies the confirmation and report, a  
21 statement of the consumer's right to request under  
22 subdivision (k) that the agency furnish notifications  
23 under that subdivision.

24 (n) Any investigative consumer reporting agency that  
25 compiles and maintains files on consumers on a  
26 nationwide basis, as defined in the federal Fair Credit  
27 Reporting Act, as amended (15 U.S.C. Sec. 1681 et seq.),  
28 shall implement an automated system through which  
29 furnishes of information to that agency may report the  
30 results of a reinvestigation that finds incomplete or  
31 inaccurate information in a consumer's file to other  
32 investigative consumer reporting agencies.

33 (o) All actions to be taken by an investigative  
34 consumer reporting agency under this section are  
35 governed by the applicable time periods specified in  
36 Section 611 of the federal Fair Credit Reporting Act, as  
37 amended (15 U.S.C. Sec. 1681i).

38 SEC. 9. Section 1786.26 of the Civil Code is amended  
39 to read:





1 1786.26. (a) An investigative consumer reporting  
2 agency shall make all disclosures pursuant to Sections  
3 1786.10 and 1786.22 and furnish all investigative consumer  
4 reports pursuant to Section 1786.24, without charge, if  
5 requested by the consumer within 60 days after receipt  
6 by the consumer of a notification of adverse action  
7 pursuant to Section 1786.40 stating that adverse action  
8 may be or has been taken on the consumer.

9 (b) Except as otherwise provided in subdivision (d),  
10 an investigative consumer reporting agency may charge  
11 a consumer a fee not exceeding eight dollars (\$8) for  
12 making disclosures to the consumer pursuant to Sections  
13 1786.10, 1786.11, and 1786.22. Any charges shall be  
14 indicated to the consumer prior to disclosure.

15 (c) An investigative consumer reporting agency shall  
16 not impose any charge for providing notice to a consumer  
17 required under Section 1786.24 or notifying a person  
18 pursuant to subdivision (k) of Section 1786.24 of the  
19 deletion of information that is found to be inaccurate or  
20 that cannot be verified.

21 (d) Upon the request of the consumer, an  
22 investigative consumer reporting agency shall make all  
23 disclosures pursuant to Section 1786.10 and 1786.22 once  
24 during any 12-month period without charge to that  
25 consumer if the consumer certifies in writing that he or  
26 she (1) is unemployed and intends to apply for  
27 employment in the 60-day period beginning on the date  
28 the certification is made, (2) is a recipient of public  
29 welfare assistance, or (3) has reason to believe that the  
30 file on the consumer at the investigative consumer  
31 reporting agency contains inaccurate information due to  
32 fraud.

33 (e) An investigative consumer reporting agency shall  
34 not impose any charge on a consumer for providing any  
35 notification or making any disclosure required by this  
36 title, except as authorized by this section.

37 SEC. 10. Section 1786.30 of the Civil Code is amended  
38 to read:

39 1786.30. Whenever an investigative consumer  
40 reporting agency prepares an investigative consumer

1 report, no adverse information in the report (other than  
2 information that is a matter of public record, the status of  
3 which has been updated pursuant to Section 1786.28) may  
4 be included in a subsequent investigative consumer  
5 report unless that adverse information has been verified  
6 in the process of making the subsequent investigative  
7 consumer report, or the adverse information was  
8 received within the three-month period preceding the  
9 date the subsequent report is furnished.

10 SEC. 11. Section 1786.40 of the Civil Code is amended  
11 to read:

12 1786.40. (a) Whenever insurance for personal,  
13 family, or household purposes, employment, or the hiring  
14 of a dwelling unit involving a consumer is denied or the  
15 charge for that insurance or the hiring of a dwelling unit  
16 is increased either wholly or partly because of  
17 information contained in an investigative consumer  
18 report from an investigative consumer reporting agency,  
19 the user of the investigative consumer report shall so  
20 advise the consumer against whom the adverse action has  
21 been taken and supply the name and address of the  
22 investigative consumer reporting agency making the  
23 report.

24 (b) Whenever insurance for personal, family, or  
25 household purposes involving a consumer is denied or the  
26 charge for that insurance is increased either wholly or in  
27 part because of information obtained from a person other  
28 than an investigative consumer reporting agency, the  
29 consumer, or another person related to the consumer and  
30 acting on the consumer's behalf and bearing upon the  
31 consumer's general reputation, personal characteristics  
32 or mode of living, the user of the information shall, within  
33 a reasonable period of time, and upon the consumer's  
34 written request for the reasons for the adverse action  
35 received within 60 days after learning of the adverse  
36 action, disclose the nature and substance of the  
37 information to the consumer. The user of the information  
38 shall clearly and accurately disclose to the consumer his  
39 or her right to make this written request at the time the  
40 adverse action is communicated to the consumer.

1 SEC. 12. Section 1786.50 of the Civil Code is amended  
2 to read:

3 1786.50. (a) Any investigative consumer reporting  
4 agency or user of information that fails to comply with any  
5 requirement under this title with respect to an  
6 investigative consumer report is liable to the consumer  
7 who is the subject of the report in an amount equal to the  
8 sum of all the following:

9 (1) Any actual damages sustained by the consumer as  
10 a result of the failure or, except in the case of class actions,  
11 two thousand five hundred dollars (\$2,500), whichever  
12 sum is greater, and

13 (2) In the case of any successful action to enforce any  
14 liability under this chapter, the costs of the action  
15 together with reasonable attorney's fees as determined  
16 by the court.

17 (b) If the court determines that the violation was  
18 grossly negligent or willful, the court may, in addition,  
19 assess, and the consumer may recover, punitive damages.

20 (c) Notwithstanding subdivision (a), an investigative  
21 consumer reporting agency or user of information that  
22 fails to comply with any requirement under this title with  
23 respect to an investigative consumer report shall not be  
24 liable to a consumer who is the subject of the report  
25 where the failure to comply results in a more favorable  
26 investigative consumer report than if there had not been  
27 a failure to comply.